Annual Report
2011/2012

Connectivity

Coordination
of Care

Cost Savings

Ontario
eHealth Ontario

Contents

This past year has been marked with meaningful progress as eHealth Ontario delivers on projects essential to the development of an electronic health record (EHR) system. These efforts will bolster the long-term sustainability of Ontario's health care system.

The year has been marked with many significant accomplishments including:

- **Strong physician adoption of electronic health records**
  More Ontario doctors are enrolled in an electronic medical record (EMR) adoption program than in all other provinces combined; this means that more than eight and a half million Ontarians are now benefitting.

> "Discipline is the bridge
> between goals and
> accomplishment."
>
> John Rohn

- **Ontario laboratories information system (OLIS) is now online and available to health care providers in Ottawa and Grey and Bruce counties**
  The expansion of OLIS continues – our next milestones are: integrating provincial lab data into physicians' EMRs; and providing access to 1,500 clinicians working specifically in children's health care.

- **Emergency neuro image transfer system (ENITS) – which makes around-the-clock care for head trauma patients possible – has been recognized for its innovation through several public service awards**

  - The 2012 Amethyst Award which recognizes excellence in the Ontario Public Service; and

  - The Showcase Ontario 2011 Merit Award and the Award of Excellence.

eHealth Ontario manages a complex and interdependent set of transformational projects. We work collaboratively with the Ministry of Health and Long-Term Care, health care providers and institutions throughout the province as well as information technology (IT) vendors to ensure the effective development, implementation and sustainable use of ehealth solutions.

An essential policy framework for eHealth Ontario in the months ahead is the legislation and regulations which establish the legal basis for us to fulfill our mandate to deliver a universal EHR system by 2015. Among its several legislative needs, most important to eHealth Ontario's successful implementation of the EHR system is the policy governing the privacy and security of all health information running through our systems.

I would like to take this opportunity to express my appreciation to all board members and the many stakeholders for their dedication and commitment, working together in the interests of Ontarians.

During the past year, Mr. David Livingston (president & CEO – Infrastructure Ontario), Dr. Shaun McGuire (medical director, physician, The Ottawa Hospital) and Dr. Rachel Ellaway (assistant dean informatics and associate professor, Northern Ontario School of Medicine) resigned from the board. We are grateful for their service to the agency. In 2011, Veronica Maidman (chair of advisory council of Equifax Canada Inc.) was welcomed to the board.

The board acknowledges the exceptional performance and achievements of the management and staff of eHealth Ontario.

Raymond V. Hession

eHealth Ontario is an agency of the provincial government which has been given the challenge of establishing electronic health records for Ontario's 13 million residents.

It's a big job, but one we are confident we can accomplish. To meet this objective we will have to be nimble and creative. What experience has taught us is that we will not get there by building a large, complex system of centralized IT projects which will only become operational on one given fixed date. The strategy eHealth Ontario is undertaking is to connect existing IT delivery systems across the province to allow health care providers to talk to one another in a secure environment.

Rather than tear down networks that already provide value in their communities and replace them with a single network, we are developing systems to connect existing "legacy systems" and expand their value to doctors and clinicians. The key word here is interoperability. This is a cost-efficient approach to leverage established assets and maximize their potential to develop, store and share critical health care information across a broad network of individual systems in hospitals, laboratories, family practices and health care clinics.

It's not about reinventing the wheel, but rather providing the highway to ensure they are all spinning in the right direction.

I am proud to say we are already reaping the benefits of this strategy through a series of investments in hospital report management systems that provide primary care physicians with a complete record of care for patients recently released from hospital. The Ontario laboratories information system is making lab results available to doctors and clinicians with unprecedented speed, enabling faster diagnosis and access to care.

Central to our strategy is reducing costs to the taxpayer while increasing the efficiency of the health care system. We accomplish this by reducing wait times through faster diagnosis by making lab tests available promptly and reducing unnecessary duplication

> "It's not about reinventing the wheel, but rather providing the highway to ensure they are all spinning in the right direction."
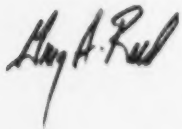
of tests administered. Hospital readmissions are greatly reduced when the family doctor has a complete and comprehensive record of treatment during a hospital stay. Electronic health records let physicians see what medication their patients have been prescribed through the provincial drug profile viewer. This helps doctors avoid administering drugs that may be contra-indicated and could potentially have adverse side effects.

We are building electronic health records by providing physicians with computers and the software to enable this larger connectivity through a program called electronic medical record (EMR) adoption. Doctors establish an electronic medical record in their practice with each patient.

Our continuing priority at eHealth Ontario is to put as much electronic patient information into the hands of as many health care providers as we can as soon as possible. We have found that the way to best achieve this objective is to expand regional, community-based systems and connect them to build a larger provincial network for the delivery of electronic health care information.

Looking ahead, we will continue to work in partnership with our health care and technology partners to build a system that is responsive to innovation, flexible to change and accountable to the taxpayer while never losing sight of our main goal of improving overall patient care.

Greg A. Reed

eHealth Ontario was established by the provincial government in September 2008 as an independent agency of the Ontario Ministry of Health and Long-Term Care (MOHLTC). eHealth Ontario is responsible for enabling physicians and health care providers to establish and maintain electronic health records (EHRs) for all of Ontario's 13 million residents.

The agency plays a leading role in harnessing information technology (IT) and innovation to improve health care in Ontario by:

- Providing ehealth services and related support for the effective and efficient planning, management and delivery of health care in Ontario;

- Developing an ehealth services strategy, operational policy; and

- Protecting the privacy of individuals whose personal information or personal health information is collected, transmitted, stored or exchanged by and through the agency.

Funded directly by the MOHLTC, eHealth Ontario partners with the private sector to deliver electronic health care solutions that support regional planning authorities and private sector vendors who have the expertise to develop creative and cost effective IT solutions.

Thanks to the work of eHealth Ontario and our many agency partners across the health care spectrum, more than eight million Ontarians have electronic medical records. Working collaboratively with local health integration networks, hospitals, doctors and clinicians, eHealth Ontario is systematically enabling health care providers to talk to one another and share critical patient information electronically.

Today, Ontario's 211 hospitals have information systems that store electronic health information on each of their patients. eHealth Ontario is working to connect those systems, to make information shareable across the system and enable hospital information to move beyond hospital walls and into the community. Ontario's doctors are creating electronic health records for their patients that contain pieces of their medical information, these records are supplemented by hospital information including discharge summaries. As of March 2012, more than 9,000 primary care physicians have or are in the process of implementing EMR software in their practices. This is more than any other province in Canada— and more than all other provinces combined.

Building on the successes of the last two years, the agency continues to favour an approach that leverages the significant progress health service providers have made in the past decade in building EHR solutions at the community level.

To complement those achievements, eHealth Ontario is building new IT systems and connecting existing ones that permit doctors and health care providers to exchange accurate and comprehensive patient information quickly and efficiently in a secure and encrypted environment that ensures patient privacy. The secure electronic exchange of critical patient information not only improves access to care but shortens wait times for treatment. It is also highly cost effective.

Among the many benefits of electronic health records are reduced duplicate testing of patients, more accurate and complete information being shared among care providers and improved efficiencies through automated workflows.

Ontario's eHealth Blueprint: A foundation for innovation

Designing a safe, robust and secure system where millions of electronic health records containing untold amounts of personal health information that can be exchanged across the province in the blink of an eye is not without its challenges.

Ontario's eHealth Blueprint was developed as a foundation for innovation and action to inform all electronic health record planning and delivery across the province. The goal is to make patient information more accessible and transform the patient health care experience.

The blueprint allows health care developers to build systems that put patients at the center of the system. By creating a foundation for developing solutions and providing a set of common operating standards, the blueprint enables many different information systems, used by health care providers, to securely exchange and access patient information.
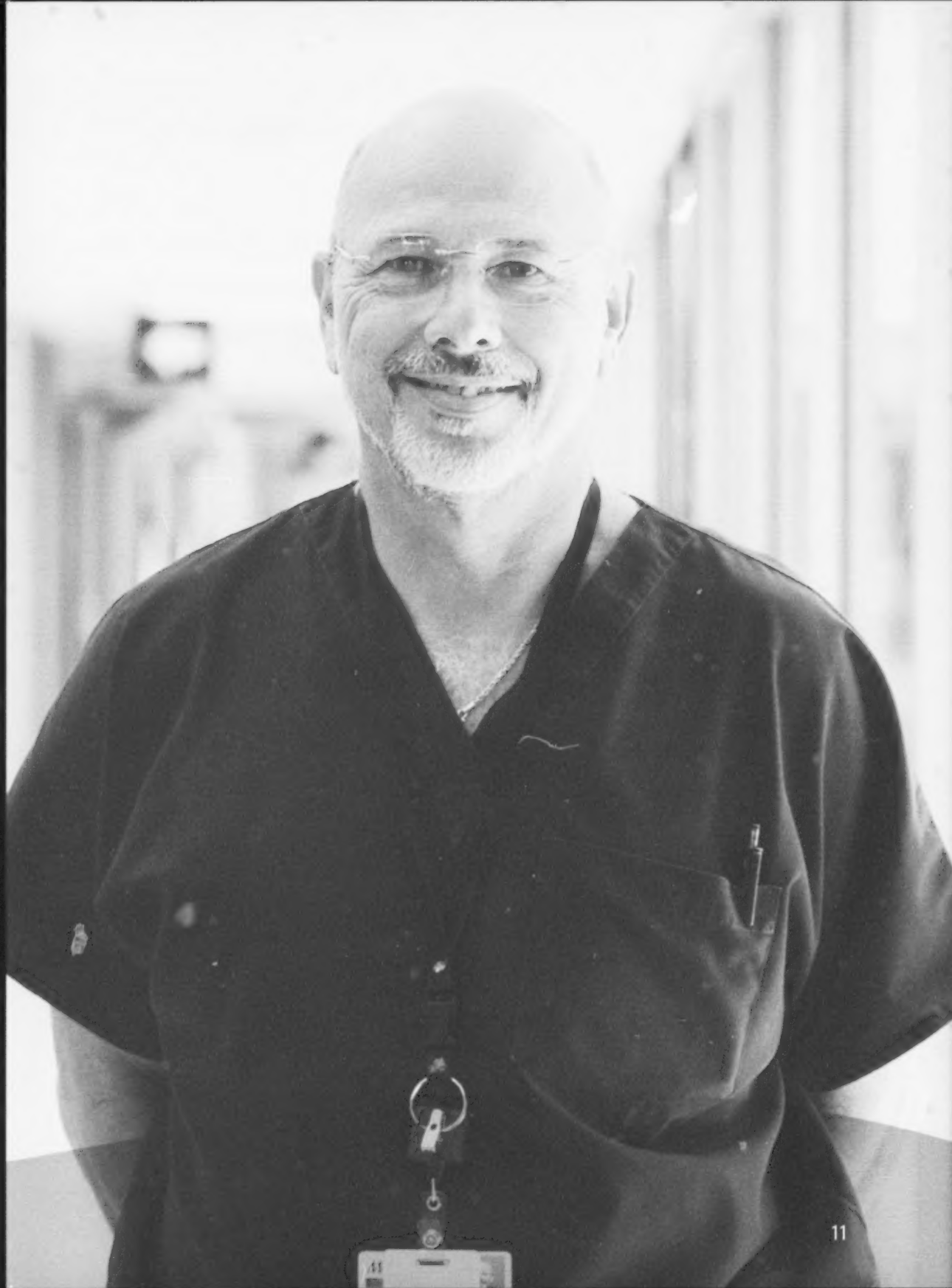
The blueprint also provides a framework for collaboration and communication among electronic health record stakeholders. It establishes a set of standard architecture principles and guidelines to be used by all participants. It identifies the components necessary to allow patient information to be securely shared and exchanged across the province. And it clearly illustrates the progress made to date on each component.

Interoperability: A regional approach

Together with the local health integration networks (LHINs) and health service providers; we are working to deliver integrated and coordinated health care for Ontarians.

Regional integration projects will enhance the value of electronic health records by leveraging local, regional and provincial assets and connecting existing technologies in ways that enable improved patient care as well as reduce inefficiencies.

By developing a system that leverages local assets, enables regional and provincial interoperability and connects into broader provincial solutions, critical patient information will be made available at the point-of-care to improve the patient-clinician experience. It will reduce duplication of effort and leverage strengths and capabilities throughout the province. Enabling health care to move from silos of information to an integrated information system will result in a more coordinated approach to health care in the province.

" My EMR allows me as a physician to record any information the patient brings to me as well as any other information we collect about that patient into one electronic record. Patients know they can feel confident that their health care is understood by all of the people involved in their care."

Dr. Jane Philpott,
Health for All Family Health Team

Ultimately, this regional integration approach will accelerate the secure sharing of clinical information – both among care providers and between care providers and their patients.

The three regional integration projects across the province are: ConnectingGTA, ConnectingSouthWestOntario and ConnectingNorthernandEastOntario. The projects are each at various stages of development.

Patients benefitting from coordinated care

Electronic medical records

Since launching the EMR adoption program in November 2009 in cooperation with OntarioMD, a subsidiary of the Ontario Medical Association (OMA), more than 9,000 community-based primary care physicians are now enrolled. This means more than 8.5 million Ontarians now have electronic health records.

In what will be one of the largest EMR implementation projects in Canada, eHealth Ontario established a delivery partnership with the Association of Ontario Health Centres (AOHC) to roll out a modern EMR system across 73 community health centres, 10 Aboriginal health access centres and three nurse practitioner-led clinics. The work of the AOHC provides primary care to persons who often do not have access to a family doctor in a community-based setting. Their clients are often the working poor, the homeless and the elderly, living on fixed incomes in both rural and urban centres.

Hospital report manager

One of the most requested solutions physicians ask for is receiving their patients' hospital reports electronically into their EMR. The hospital report manager eliminates the paper processes (mail, fax and scanning) that were previously required to receive these reports. Further, the application integrates information from the reports into EMR systems, while reducing the time it takes for information to reach primary care physicians.

Today, the hospital report manager is electronically delivering over 150,000 patient hospital reports each month to primary care providers from more than 40 hospitals. Future plans include expanding the scope of the project to all hospitals in Ontario.

"It's reassuring for me as a type 1 diabetic that anywhere in the province I go, my health care team has access to my records with the click of a mouse. No more extra testing, no more frustrating, confusing processes that have to take place. Now there's a central hub of a computer system that can be plugged into by the entire health care team."

Steve Sheridan,
Patient

The Ontario laboratories information system (OLIS) connects hospitals, community laboratories, public health laboratories and practitioners to facilitate the secure electronic exchange of laboratory test orders and results.

Laboratory test results are now available to health care providers at The Ottawa Hospital as well as 11 Grey Bruce hospital sites. All told, more than 3,000 clinicians are able to access lab tests through OLIS as soon as the tests are completed.

Emergency neuro image transfer system

All 100 acute care centres across the province are "live" with the emergency neuro image transfer system (ENITS) making around-the-clock care for head trauma patients possible. During fiscal year 2011/2012 there were three out-of-country transfers compared to 433 over the past eight years. The cost for one out-of-country transfer can be upward of $90,000. Currently, millions of dollars have been saved and patients and their families are benefiting by being treated closer to home thanks to ENITS.

To date, ENITS has been recognized for its innovation through several public service awards – the 2012 Amethyst Award, and the Showcase Ontario 2011 Merit Award and the Award of Excellence.

"ENITS allows a doctor from an outside facility to access my expertise in real time. I can look at emergency brain and spine X-rays and CAT scans to provide a virtual consultation. For the consultant, he or she is in a much better position to be able to provide the best possible advice and input to benefit that patient and the referring health care team."

Dr. Michael Fehlings,
Toronto Western Hospital

Our strategic direction aligns with *Ontario's Action Plan for Health Care*, and is bringing together all publicly-funded health information initiatives used in the electronic delivery of patient care under a single point of accountability.

To meet our obligations, eHealth Ontario continues to:

- Establish, manage and ensure compliance to the province's architectural ehealth blueprint to provide a set of common operating standards and allow health care developers to build systems that put patients at the centre of the system;

- Build the required elements of that system by contracting and co-coordinating with other initiatives at regional, hospital and individual health care provider levels;

- Partner with health care providers and technology partners across Ontario to implement ehealth applications and connect providers to the information they need to provide care;

- Invest in electronic health care delivery such as funding for clinicians to adopt electronic medical records; and

- Lead the way in electronic health care and work closely with our health care stakeholders to build an electronic health record system that is available province-wide.

Achieving our goal

At eHealth Ontario we are making significant progress in connecting existing systems and building new platforms to give physicians and clinicians secure access to patients' medical information. Here in Ontario, many pieces of an electronic health information system are already in place. Hospitals are using electronic record-keeping – though their systems cannot transfer data on a province-wide basis. More than 9,000 primary care physicians are using or implementing EMRs, but generally cannot share information outside their practices.

While adoption of electronic health care tools in Ontario has been substantial, those tools are far from uniform, and their full potential has yet to be realized by the health care system. Instead of attempting to build and impose a set of top-down standards for the hundreds of legacy systems used by health care providers, eHealth Ontario has chosen to leverage existing assets and build on the progress that has been made over the last decade in electronic health record solutions. The agency, through its development of regional integration hubs, is actively leveraging the best of the existing regional assets while implementing provincial solutions and ensuring connectivity to enable seamless and secure sharing of patient information.

eHealth Ontario is working with clinicians, health care institutions and IT providers to develop common standards and protocols that will ensure meaningful, secure, timely and easy sharing across the province.

Patient benefits from electronic health care

Electronic health records are already having a positive impact on patient care across the province. Patients will notice a difference in their health care experience through:

- Improved care through safer, more accurate and complete information shared among all health care providers;
- Reduced wait times for appointments, procedures and access to community care facilities;
- Reduced wait times for laboratory test results and clinical diagnosis; and
- Improved security of confidential health information through modern, encrypted data protection systems.

Benefits to doctors and clinicians

For doctors and clinicians, the impact of electronic health records is far reaching, allowing care givers to improve the services they provide through:

- Immediate, accurate and secure access to pertinent patient medical information from all relevant sources, including hospital and community care reports and discharge records, as well as EMR files;
- Rapid access to a wide array of data ranging from annual patient physicals, lab reports and test results, medication records and digital diagnostic images;

- Ability to coordinate and share data among different electronic record-keeping systems;
- Reduced potential for adverse drug interactions due to electronic prescribing and record-keeping;
- Improved practice efficiencies through automated workflows; and
- Additional time to focus on patients.

Impact on the health care system

Electronic health records improve access to the health care system and the quality of care patients receive while reducing costs. Benefits to the system are achieved through:

- Lower costs through fewer duplicate tests, fewer physician and specialist visits and fewer emergency room and hospital visits;
- More efficient transfer of patients to the appropriate level of care (from hospital emergency rooms to long-term care facilities);
- Improved management of chronic diseases;
- Reduced wait times and access to treatment; and
- Reduced demands on health care resources.

Focus on patients

It is recognized that patients and their caregivers are an underutilized asset in the overall health care space. As a provincial system of comprehensive, integrated health records comes into place, patients need to be empowered to fully participate in their own health care by having greater access to electronic health information and services. Examples include viewing their lab results, seeing their medications, learning more about their conditions and managing their health in partnership with their care team. Patient engagement throughout the development and implementation of electronic health services is critical.

Building an electronic health care system for the people of Ontario is challenging. The employees of eHealth Ontario are deeply honoured to be entrusted with such an important task.

eHealth Ontario continues to strive to provide value to Ontario taxpayers by streamlining the delivery of health care through new information technology. As an integral part of *Ontario's Action Plan for Health Care*, the agency is building out its foundational platforms across the province deploying OLIS directly through physician EMRs, so doctors have more timely and efficient access to lab results. Physician EMR adoption continues to be a top priority for the agency and remains a key component in establishing electronic health records for all 13 million citizens of Ontario.

The agency has developed and continues to implement technology that delivers hospital patient discharge records directly to primary care physicians in the community as part of our hospital report management system. Diagnostic imaging repositories (DI-rs) are also expanding. Currently, 75 per cent of all hospital sites that perform diagnostic imaging are integrated with a regional diagnostic imaging repository, allowing diagnostic images and reports such as X-rays, CT scans, ultrasounds and MRIs to be accessed and shared by physicians. By the close of fiscal year 2012/13, three of four regional DI-rs covering hospitals in northern and eastern Ontario, central Ontario, and southwestern Ontario will be fully implemented, as well as part of the Greater Toronto Area.

eHealth Ontario is also in the process of migrating applications and databases housed in various disparate locations to the newly created Guelph data centre – a Ministry of Government Services asset. The Guelph data centre is one of only five Tier IV data centres in the world and is virtually impregnable to a systems failure.

The agency is continually expanding its scope of services to the health care community. Each year eHealth Ontario is in operation brings both new achievements and new challenges. What remains constant is our commitment to provide doctors and clinicians the information they need to provide the best possible care to their patients.

Independent auditors' report

To the board of directors of eHealth Ontario

We have audited the accompanying financial statements of **eHealth Ontario**, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **eHealth Ontario** as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants
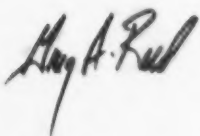
Toronto, Canada,
July 25, 2012.

Statement of financial position
[in thousands of dollars]

As at March 31	2012	2011
ASSETS		
Current		
Cash	$ 41,219	$ 42,730
Prepaid expenses	9,704	5,921
Due from Ministry of Health and Long-Term Care *[note 3 c]]*	5,950	–
HST and other receivables	3,107	3,693
Total current assets	59,980	52,344
Capital assets, net *[note 4]*	88,907	64,418
	$ 148,887	$ 116,762
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 58,446	$ 47,615
Due to Ministry of Health and Long-Term Care *[note 3 b]]*	1,534	4,729
Total current liabilities	59,980	52,344
Deferred capital contributions *[note 5]*	88,907	64,418
Total liabilities	148,887	116,762
Commitments and contingencies *[note 6]*		
Net assets	–	–
	$ 148,887	$ 116,762

See accompanying notes

On behalf of the board:

Greg A. Reed
President and chief executive officer
and board member

Raymond V. Hession
Chair of the board of directors

Year ended March 31	2012	2011
REVENUE		
Government grants *[note 3 a]]*	$ 369,157	$ 318,121
Amortization of deferred capital contributions *[note 5]*	15,784	11,559
	$ 384,941	$ 329,680
EXPENSES		
Development and delivery	$ 189,406	$ 147,184
Technology services	139,121	137,076
Shared services	28,390	26,527
Enabling technology	12,240	7,334
	369,157	318,121
Amortization of capital assets *[note 4]*	15,784	11,559
	$ 384,941	$ 329,680
Excess of revenue over expenses for the year	–	–
Net assets, beginning of year	–	–
Net assets, end of year	–	–

See accompanying notes

Statement of cash flows
[in thousands of dollars]

Year ended March 31	2012	2011
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	–	–
Add (deduct) items not involving cash		
Amortization of deferred capital contributions	$ (15,784)	$ (11,559)
Amortization of capital assets	15,784	11,559
	–	–
Net change in non-cash working capital balances		
related to operations		
Prepaid expenses	$ (3,783)	$ (2,179)
HST and other receivables	586	(3,674)
Accounts payable and accrued liabilities	12,005	19,698
Due to/from Ministry of Health and Long-Term Care	(9,145)	3,560
Cash (used in) provided by operating activities	$ (337)	$ 17,405
INVESTING ACTIVITIES		
Purchase of capital assets	$ (41,447)	$ (34,715)
Cash used in investing activities	$ (41,447)	$ (34,715)
FINANCING ACTIVITIES		
Contributions used to fund capital assets	$ 40,273	$ 39,246
Cash provided by financing activities	$ 40,273	$ 39,246
Net (decrease) increase in cash during the year	$ (1,511)	$ 21,936
Cash, beginning of year	42,730	20,794
Cash, end of year	$ 41,219	$ 42,730

See accompanying notes

March 31, 2012

1. Nature of operations

eHealth Ontario is designated as an operational service agency established under the Ontario Regulation made under the Development Corporations Act (O. Reg. 43/02). Subsection 2(3) of O. Reg. 43/02 provides that eHealth Ontario is, for all purposes, an agency of Her Majesty within the meaning of the Crown Agency Act and its powers may be exercised only as an agency of Her Majesty. Subsection 6(1) of O. Reg. 43/02 provides that the Board of Directors is composed of the members appointed by the Lieutenant-Governor in Council on the recommendation of the Minister of Health and Long-Term Care. The Lieutenant-Governor in Council can appoint up to 12 members to eHealth Ontario's Board of Directors. Pursuant to subsection 7(1) of O. Reg. 43/02 and subject to any directions given by the Minister of Health and Long-Term Care under section 8, the affairs of eHealth Ontario are under the management and control of the Board of Directors. Subsection 9(1) of O. Reg. 43/02 provides that the Chief Executive Officer of eHealth Ontario be appointed by the Lieutenant-Governor in Council.

The following are the objects of eHealth Ontario:

a] to provide eHealth Ontario services and related support for the effective and efficient planning, management and delivery of health care in Ontario;

b] to develop eHealth Ontario services strategy and operational policy; and

c] to protect the privacy of individuals whose personal information or personal health information is collected, transmitted, stored or exchanged by and through eHealth Ontario, in accordance with the Freedom of Information and Protection of Privacy Act, the Personal Health Information Protection Act, 2004, and any other applicable law (O. Reg. 339/08, s.4).

eHealth Ontario and the Ministry of Health and Long-Term Care [the "Ministry"] entered into a Memorandum of Understanding and Transfer Payment Agreement, effective April 1, 2009. The Transfer Payment Agreement expired on March 31, 2011 and an Accountability Agreement with the Ministry was signed on March 31, 2011 for a one-year term. Effective April 1, 2012, eHealth Ontario and the Ministry entered into a new Accountability Agreement for a three year period ending March 31, 2015.

eHealth Ontario is funded by the Province of Ontario through the Ministry. Any surplus balance must be repaid in the following fiscal year. Any deficit balance reduces the funding allocation in the following fiscal year.

As a Crown agency, eHealth Ontario is exempt from income taxes.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, unless otherwise directed to specific accounting recommendations of the Public Sector Accounting Standards Board ["PSAB"] of the Canadian Institute of Chartered Accountants [the "CICA"].

The significant accounting policies are summarized as follows:

Revenue recognition

eHealth Ontario follows the deferral method of accounting for contributions. Contributions are recognized when received, or when receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions with respect to the purchase of property and equipment and intangible assets are deferred and recognized as funding in the year in which the amortization expense is recognized.

Allocation of expenses

The costs of each function include the costs of personnel and other expenses that are directly related to the function. General support and other costs are included in shared services expenses.

Capital assets

Capital assets are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Computer hardware	3 to 5 years
Computer software	3 to 10 years
Furniture and office equipment	5 years
Leasehold improvements	Over the term of the respective leases

Capital assets that no longer have any long-term service potential for eHealth Ontario are written down to residual value, if any. The excess of the carrying value over the residual value of such assets is recognized as amortization in the statement of operations and changes in net assets.

Internal labour costs are capitalized in connection with the development of information technology projects.

Employee future benefits
Contributions to a defined contribution plan are expensed when due.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Future changes in accounting policies
In December 2010, PSAB amended The Introduction to Public Sector Accounting Standards to direct government not-for-profit organizations to follow either the CICA Public Sector Accounting Handbook with Sections PS 4200 to PS 4270 or the CICA Public Sector Accounting Handbook without these sections. These standards are effective for fiscal years beginning on or after January 1, 2012. eHealth Ontario will adopt the new standards in fiscal 2013 and is currently evaluating the impact of adopting these standards.

3. Government of Ontario

a] Funding from the Ministry recognized as revenue is calculated as follows:

	2012	2011
Funding for eHealth Ontario operating/capital expenditures	$ 256,616	$ 228,065
Funding for transfer payments to eHealth Ontario partners	153,864	133,839
Total funding	410,480	361,904
Amounts used to fund capital assets and recorded as deferred capital contributions *[note 5]*	(40,273)	(39,246)
Interest earned during the year repayable to the Ministry	484	404
Interest earned and funding not used recorded as due to Ministry *[note 3 b]]*	(1,534)	(4,941)
Amount recognized as revenue	$ 369,157	$ 318,121

b] The amount due to the Ministry consists of the following:

	2012	2011
Interest earned and funding not used	$ 1,534	$ 4,941
Funding receivable	–	(212)
	$ 1,534	$ 4,729

c] Due from the Ministry consists of amounts due from the Ministry's I&IT Health Services Cluster related to the purchase of certain hardware and software on their behalf by eHealth Ontario and labour costs related to services provided by eHealth Ontario.

4. Capital assets

	2012		
	Cost	Accumulated amortization	Net book value
Computer hardware	$ 67,617	$ 43,474	$ 24,143
Computer software	51,336	25,355	25,981
Furniture and office equipment	4,971	3,646	1,325
Leasehold improvements	3,565	3,428	137
Work-in-process	37,321	–	37,321
	$ 164,810	$ 75,903	$ 88,907

	2011		
	Cost	Accumulated amortization	Net book value
Computer hardware	$ 58,633	$ 37,853	$ 20,780
Computer software	32,500	27,315	5,185
Furniture and office equipment	4,441	3,097	1,344
Leasehold improvements	3,492	3,070	422
Work-in-process	36,687	–	36,687
	$ 135,753	$ 71,335	$ 64,418

There are assets included in capital assets that have been purchased and not placed into use and therefore have not been amortized for the year. The net book value of these assets is as follows:

	2012	2011
Computer hardware	–	$ 7,035
Computer software	–	42
Work-in-process	37,321	36,687
	$ 37,321	$ 43,764

In the current year, certain computer hardware and software no longer in use with a total cost of $11,216, accumulated amortization of $9,624 and a net book value of $21 [2011 - $217] was written off and included in amortization of capital assets. Impairment charges of $1,571 [2011 – nil] related to the write down of work-in-process in connection with projects that have been redefined were also recognized during the year and included in amortization of capital assets.

5. Deferred capital contributions

	2012	2011
Balance, beginning of year	$ 64,418	$ 36,731
Contributions used to fund capital asset purchases *[note 3 a]]*	40,273	39,246
Amortization	(15,784)	(11,559)
Balance, end of year	$ 88,907	$ 64,418

6. Commitments and contingencies

a]   eHealth Ontario has various multi-year contractual commitments for services.
     Payments required on these commitments are as follows:

2013	$ 59,145
2014	48,153
2015	35,845
2016	10,334
2017	9,640
2018 and thereafter	18,596
	$ 181,713

b]   Ontario Realty Corporation, a Crown Corporation of the Province of Ontario, holds leases on the
     office space occupied by eHealth Ontario. eHealth Ontario is responsible for all the operating
     lease payments. The payments required to the date of expiry are as follows:

2013	$ 4,814
2014	5,087
2015	4,070
2016	3,457
2017	1,214
2018 and thereafter	167
	$ 18,809

c]   eHealth Ontario has entered into transfer payment agreements with eHealth Ontario
     partners that require future payments once defined eligibility requirements have been met.
     Total payments in connection with these contracts are approximately $219 million, of which
     $150 million is expected to be paid in fiscal 2013. These payments are payable over the
     period ending March 31, 2014.

d] eHealth Ontario has contractual commitments related to development projects that require future payments once defined deliverables have been provided. Total payments in connection with these contracts are approximately $46 million.

e] In the normal course of operations, eHealth Ontario is subject to various claims and potential claims. Management has recorded its best estimate of the potential liability related to these claims where potential liability is likely and able to be estimated. In other cases, the ultimate outcome of the claims cannot be determined at this time.

eHealth Ontario has been served with a statement of claim for a proposed class action proceeding for breach of contract related to the rescinding of performance awards in connection with fiscal 2011. The potential losses, if any, related to this claim are not able to be determined at this time.

Any additional losses related to claims will be recorded in the year during which the liability is able to be estimated or adjustments to any amount recorded are determined to be required. Any adjustments to the amounts recorded related to claims will be recorded in the year during which the adjustments to the amounts recorded are determined to be required.

7. Employee future benefits

eHealth Ontario has a defined contribution pension plan for its employees. eHealth Ontario's contributions to this plan during the year amounted to $3,176 [2011 - $2,782].

8. Supplemental cash flow information

The change in accounts payable and accrued liabilities related to the purchase of capital assets for the year ended March 31, 2012 of $1,174 [2011 - $4,531] has been excluded from the statement of cash flows.

eHealth Ontario

P.O. Box 148
777 Bay Street, Suite 701
Toronto, Ontario M5G 2C8
www.ehealthontario.on.ca

Tel: 416 - 586 - 6500
Fax: 416 - 586 - 4363
Toll Free: 1 - 888 - 411 - 7742
E-mail: info@ehealthontario.on.ca